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## Technology, Energy & Communications Committee

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### **E2SSB 6579**

**Brief Description:** Improving the efficiency, accountability, and quality within state information systems.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Swecker, Haugen, Oemig, Rockefeller, Jacobsen, Marr, Hatfield, Eide and Fraser).

#### **Brief Summary of Engrossed Second Substitute Bill**

- Creates an Information Systems Improvement Committee to develop recommendations for improving information technology (IT) and systems across state and local governments.
- Requires the Office of Financial Management (OFM) to obtain specific information about IT projects and develop a system of accounting for IT.
- Requires the Information Services Board (ISB) to develop contracting standards for IT.

**Hearing Date:** 2/18/10

**Staff:** Kara Durbin (786-7133).

#### **Background:**

##### Information Technology Work Group.

The state has undertaken a variety of efforts in recent years to examine opportunities to improve the administration and coordination of state information technologies (IT). In 2007, the Legislature created the Information Technology Work Group (Work Group), which is composed of legislative members, state agency directors, chief information officers, and members of the business community. In November of 2007, the Work Group made a number of recommendations regarding IT project approval and oversight, purchasing practices, and the

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shared use of the Department of Information Services (DIS) infrastructure. The Work Group also recommended that a consultant be hired to conduct an evaluation of IT in support of the continued efforts of the Work Group. In September of 2008, the House of Representatives engaged Pacific Technologies, Inc. to conduct an evaluation of, and develop a strategy for, the governance and delivery of state IT services.

### Recent IT Reports.

In 2009, the Legislature received three reports related to the provision of IT in state government. While the scope and objectives of these reports vary, all three reports provide high-level recommendations regarding how the state could increase efficiency in the provision of IT.

#### *Pacific Technologies Inc. Report*

The Pacific Technologies Inc. (PTI) report was completed in June of 2009 at the request of the Legislature and the Work Group. In their final report, PTI made a number of recommendations regarding IT governance and service delivery, including recommendations to:

1. Refocus the Information Services Board (ISB) on setting and guiding IT direction for the state;
2. Establish a Project Review Board for Level 3 projects;
3. Centralize desktop and infrastructure support functions to achieve economies of scale, while leaving application support in state agencies; and
4. Optimize and reduce IT infrastructure in alignment with enterprise architecture best practices.

#### *Unisys Report*

The Unisys report was commissioned in 2009 as part of the authorization from the Legislature to the DIS to construct a new state data center and office building. Specifically, Unisys was directed to outline how the state could consolidate independent agency data centers to achieve cost savings to offset higher facility costs.

In its report, Unisys recommended that efforts be made to standardize IT in state government. According to Unisys, greater standardization would allow the state to achieve greater economies of scale, reduce costs, and provide for a more efficient transition to the new state data center. Such standardization efforts could include: discontinuing individual agency server purchases; developing virtualization standards; consolidating servers; and establishing data storage requirements.

#### *State Auditor's Report*

In January of 2010, the State Auditor issued an "Opportunities for Washington" report, which identified a number of areas with respect to IT where the state could improve service and reduce costs. The State Auditor's Report identified several opportunities for improving service and cutting costs: (1) reduce the number of agency data centers; (2) consolidate IBM mainframes under one shared service provider; (3) standardize and centralize IT support; (4) consolidate servers within the DIS and better use technology to reduce the number of servers needed; (5) use network resources more efficiently by eliminating duplication and using resources provided by the DIS; (6) include e-mail administration as part of the central e-mail service; and (7) provide competitively priced shared data storage at the DIS. However, the State Auditor acknowledged

that changes should be made to how the DIS operates before further consolidation or sharing of IT infrastructure services occurs.

### **Summary of Bill:**

#### Creation of the Information Systems Improvement Committee.

The Information Systems Improvement Committee (Committee) is created. The Committee is charged with developing: (1) a series of recommendations for improving information technology and systems across state and local governments; and (2) an action plan to build consensus and support for the recommendations.

The Committee will have 23 members total, including legislators, representatives from state agencies, representatives from the software and hardware industry, state employees, state information technology employees, and a representative from the Association of Washington Cities and the Association of Washington Counties. A steering committee will be established that is comprised of the chair of the Committee and representatives from the governor's office, the Office of Financial Management (OFM), the Department of Information Services (DIS) and the Department of Licensing. In addition, a technical subcommittee will be established to examine the issue of governance. Additional subcommittees may be established as the Committee determines is appropriate. The DIS will provide administrative and clerical assistance to the Committee.

A final report to the Legislature and the Governor is due by September 1, 2011. The final report must contain: (1) specific actions to be taken by state agencies and plans for implementing those actions; and (2) benchmarking in the subject areas addressed by the technical subcommittees. This benchmarking must indicate where the state is currently, how the recommended actions will increase the state's benchmarks, and how the state compares to other states.

The Committee and technical subcommittees must identify, where possible, pilot projects to test the recommendations developed by the subcommittees.

#### IT Reporting.

Additional requirements are added to the State Budget and Accounting Act related to information technology (IT) reporting. The OFM must revise its operating budget instructions to agencies to include the collection of additional information for proposed information technology projects. Agencies that propose information technology projects must provide to OFM specific information regarding proposed IT projects, including project implementation costs, maintenance costs, estimated operating savings, and estimated start and end dates. The OFM must also institute a method of accounting for IT-related expenditures and report to the Legislature, with the first report due on January 15, 2013. In addition, the Governor's budget must also include an IT plan that lists all proposed projects and their current and projected costs. This plan must be submitted electronically, in a format agreed upon by the OFM and the Legislative Evaluation and Accountability Program Committee (LEAP).

The Information Services Board (ISB) must develop contracting standards for IT acquisition and purchased services and work with state agencies to ensure deployment of standardized contracts.

The DIS, in coordination with the ISB and the OFM, must evaluate agency budget requests and submit funding recommendations to the Legislature. The DIS must also submit recommendations regarding consolidation of similar proposals or other efficiencies it may find in reviewing proposals.

The DIS must also include additional items in its report to the Legislature on major IT projects. This report must include original and final budgets, original and final schedules, and data regarding process made towards meeting the performance measures included in the original proposal. The first report is due December 15, 2011, and every two years thereafter.

**Appropriation:** None.

**Fiscal Note:** Requested 2/17/10.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.